

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NORTH DAKOTA**

In re:	)	Bky. Case No. 23-30461
	)	Chapter 7
Michael John Werner,	)	
	)	
Debtor.	)	
_____	)	
Gene W. Doeling as Bankruptcy Trustee,	)	<b>ADVERSARY COMPLAINT</b>
	)	
Plaintiff,	)	
v.	)	
	)	
Michael John Werner,	)	
	)	
Defendant.	)	Adversary No. 24-_____
_____	)	

Gene W. Doeling, the bankruptcy trustee and plaintiff herein in the above entitled case, by and through his attorney, states and alleges as follows:

1. This is an adversary proceeding brought pursuant to Bankruptcy Rule 7001(1) and § 727 of Title 11, United States Code and constitutes a “core” proceeding as defined in title 28, United States Code § 157(b)(2)(H).

2. The debtor filed a Chapter 7 bankruptcy petition in the District of North Dakota on December 20, 2023. The plaintiff is the duly appointed and acting trustee in this case.

3. The initial 341 meeting was held on January 16, 2024.

4. In the debtor’s divorce decree dated November 24, 2021, the debtor was awarded two parcels of real estate located in Emmons County, 516 3<sup>rd</sup> St. NE, Linton, ND, and 520 3<sup>rd</sup> St. NE, Linton, ND.

5. On or about March 14, 2022, the debtor transferred or caused to be transferred the two parcels of real estate in Linton, North Dakota that he was awarded in his divorce to his daughter Tanya

Cowart via quitclaim deed for no consideration. The quitclaim deeds for both properties were filed with the county recorder on March 14, 2022. The debtor failed to disclose these transfers in the Statement of Financial Affairs as part of his bankruptcy petition and schedules, which were required to be disclosed because the transfers took place within two years of his bankruptcy filing.

6. The debtor entered into a written contract with Jeff Olney on October 31, 2023 selling the real estate located at 520 3<sup>rd</sup> St. NE, Linton, ND on a rent to own contract for \$19,000 with an initial payment for rent of \$1,000 paid to the debtor, plus an additional \$6,000 to be paid to the debtor on or before November 30, 2024, an additional payment to the debtor of \$6,000 to be made on or before November 30, 2025, and a final payment to the debtor of \$6,000 is to be paid on or before November 30, 2026. Despite identifying himself as the seller of the property on the contract, the debtor failed to disclose this contract for sale of the real estate and his receipt of \$1,000 from sale of the real property in his bankruptcy schedules or Statement of Financial Affairs.

7. The debtor transferred his ownership interest in a 2009 Harley-Davidson motorcycle to his daughter and did not disclose that transfer.

8. The debtor failed to disclose his ownership interest and possible transfers of various motor vehicles, including a 1967 Pontiac GTO, 2016 Dodge Ram 2500, 1948 Schwinn Whizzer, 2016 Aluma trailer, and other vehicles and assets yet to be discovered.

9. The debtor was awarded a 2014 Wells Cargo trailer in the divorce proceedings and, upon information and belief, transferred his ownership interest to his daughter Tanya Cowart, and did not disclose the transfer

10. The debtor failed to disclose the sale and transfer of a 2016 Dodge pickup and other unknown assets.

11. The debtor was insolvent going back to January 5, 2015 or earlier, and continuing until his bankruptcy filing, having judgments against him and in favor of North Star Community Credit Union in the amount of \$86,840.08 docketed on July 11, 2017, and Valor, LLC in the amount of \$47,163.35 docketed on or about January 5, 2015.

**FIRST CLAIM – DENIAL OF DISCHARGE 11 U.S.C. § 727(a)(4)**

12. The trustee realleges paragraphs 1 through 11. The debtor knowingly and fraudulently, in or in connection with the case, made numerous false oaths or accounts. The debtor failed to disclose the transfer of the debtor's interest in two parcels of real estate to his daughter during the two-year period prior to the bankruptcy filing. The debtor also failed to disclose the transfer and/or sale of the Wells Cargo trailer, 2016 Dodge pickup, 1967 Pontiac GTO, and other assets yet to be determined. The debtor also received \$1,000 from the buyer of the property at 520 3rd St. NE, Linton, ND and did not disclose that income in his bankruptcy schedules. The debtor also failed to disclose the contract for the sale of the real property located at 520 3<sup>rd</sup> St. NE, Linton, ND signed by the debtor as the seller on or about October 31<sup>st</sup> 2023.

**SECOND CLAIM – DENIAL OF DISCHARGE 11 U.S.C. § 727(a)(2)**

13. The trustee realleges paragraphs 1 through 12. The debtor, with an intent to hinder, delay, or defraud a creditor or officer of the estate charged with custody of property under this title, has transferred property of the debtor within one year before the date of the filing of the petition. The debtor continued to exercise ownership rights and maintain control and custody of the property located at 520 3rd St. NE, Linton, ND that he had deeded to his daughter with the intent of defrauding his creditors. The debtor entered into a written sale contract to sell that real property for \$19,000, on October 31, 2023. The debtor's actions of transferring the property to his daughter in March 2022, and subsequent sale of property in October 2023 was done with intent to

hinder, delay, or defraud a creditor of the debtor, who was insolvent at all times relating to this proceeding.

WHEREFORE, the plaintiff requests the following relief from the Court:

1. Denial of the debtor's discharge pursuant to 11 U.S.C. §§ 727(a)(4) and 727(a)(2).
2. For the plaintiff's costs and disbursements of this action; and
3. For such other and further relief as the Court deems fair and just.

Dated: June 21, 2024

/s/ Gene W. Doeling  
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